

UNITED STATES INTERNATIONAL TRADE COMMISSION

**“STEEL-CONSUMING INDUSTRIES: COMPETITIVE CONDITIONS
WITH RESPECT TO STEEL SAFEGUARD MEASURES,
INVESTIGATION NO. 332-452”**

June 19, 2003

Prepared Remarks of Merle Emery

G.R. Spring & Stamping

Thank you for holding this hearing on behalf of my company and its 220 employees. I want to thank you for taking the time to hear from businesses who have been deeply hurt by the 201 action.

My name is Merle Emery. I am the President of G.R. Spring & Stamping. We are located in Grand Rapids, Michigan, and employ 220 workers in the custom manufacture of metal stampings, progressive die, slide stampings, springs, wire forms, and value-added assemblies. Our customer base is 90 percent automotive, 5 percent appliance, 5 percent office furniture, and others. The imposition of steel tariffs have led to uncertainty in supply and price of the steel we need. It has also cost us significant business and has placed us in a price-cost squeeze.

G.R. Spring & Stamping requires 25,000 tons of steel each year. With the increased cost and decreased supply of available steel, our service centers have, on several occasions, broken their long-term commitments to supply us with steel. This has forced us to buy from the spot market to obtain the steel we need. As a result, our price of steel has increased 20-30 percent, and in a few cases, even higher.

Most significant, in my opinion, since March of 2002, is the fact that these increases in steel prices have already cost us a substantial amount of business. For example, soon after the Steel 201 tariffs were put in to effect, G.R. Spring & Stamping lost a major contract with a well-established customer of ours, to a Canadian company. This Canadian company is now able to purchase its steel for 30 percent less than we can, and this cost advantage was directly reflected in their bid. This customer had never worked with the Canadian company prior to this, and would never considered doing so, had it not been for the tariffs imposed. Their decision was based solely on price. We are a \$30 million dollar company and this was a \$4.5 million contract. This contract was huge for us, but we could not compete on price due to increased steel costs. Since this time, several other major programs have been sourced by this customer to other foreign competition. This is work that will never come back.

The reality of our market, the auto industry, is that we cannot pass the additional cost of the tariffs on to our customers. As the example above illustrates, our customers will take advantage of a global economy and buy their product from a cheaper, foreign source; nor can we afford to absorb these additional costs ourselves. These costs are so high that they will turn already thin margins even thinner.

In addition, since the imposition of the steel tariffs, we find ourselves faced with uncertainty of both supply and price. We have not been receiving steel when we need it. When we receive steel orders late, this adds to our costs by:

- (1) Requiring us to work overtime to deliver to *our* customer on time;
- (2) Requiring us to incur the significant added cost of shipping the finished product to our customers in an expedited way.

We have also been faced with uncertainty of pricing. Because of volatility in the market, our service center suppliers have refused to price steel more than a month or two in advance. This means that we have to guess what our steel costs will be when we calculate a price for *our* customers. This is an impossible way to operate a small business.

Our present circumstance must change. We have, to date, already lost several sizeable contracts, and we are in danger of losing more, due to the increased steel costs. These contracts represent lost jobs, not only for my company, but also lost jobs throughout the entire United States. These are jobs that will never return. My deep concern is for my employees and their families, our future as a company, and for the future of manufacturing in this country. Our industry has had to work hard to remain competitive in a global economy. We have had to adopt lean practices in our operations. We have reinvested in training of our associates, and modernization of our factories. Investments have been made in technology improvements. This has all been done in an effort to remain competitive in a world market. We have accomplished these goals and are better organizations today for our efforts. However, the imposition of steel tariffs have presented a challenge to our industry which we cannot compete with.

Once again, I want to thank you for holding these hearings and on behalf of my company and its employees, and our industry as a whole, I respectfully request your consideration in rescinding the steel tariffs.

Thank you very much.

Sincerely,

A handwritten signature in cursive script, reading "Merle Emery". The signature is written in dark ink and is positioned above the typed name.

Merle Emery
President - G.R. Spring & Stamping